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Restaurant Business

A BILL PUBLICATION

JUNE 10, 1988

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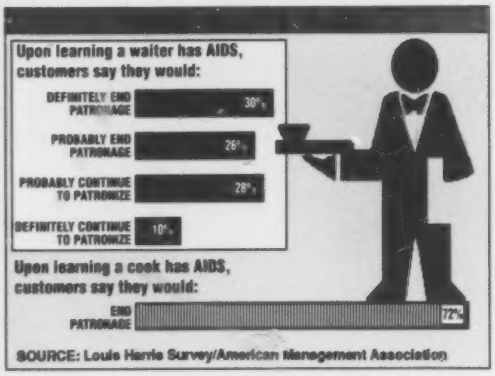
BUSINESS BAROMETER

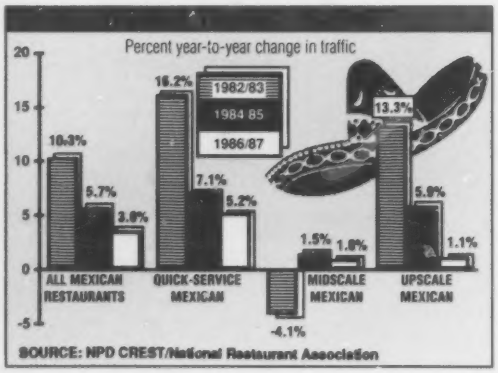
The Hard Facts Shaping Our Industry

By Howard Riell



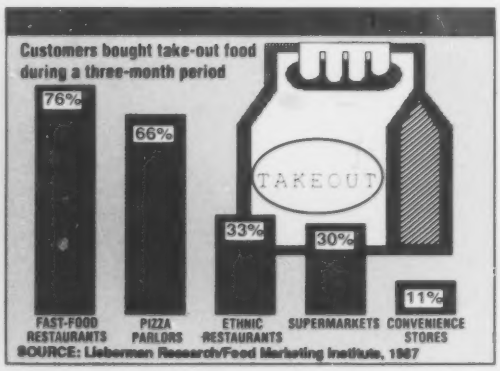
AIDS Scare Could Cripple A Restaurant

According to a Louis Harris survey commissioned by the American Management Association, restaurants "would suffer a considerable loss of customers" if the public knew that a waiter had AIDS. Only 13% of those surveyed, however, said such a waiter should be fired outright; 47% thought he should be placed on disability. Another 9% opined that operators should keep the waiter on payroll while advising patrons of the situation. And yet another 16% of those surveyed suggested the owner keep the waiter and tell no one about the infection.



Traffic At Mexican Restaurants Slowing

"The hot Mexican market cooled in 1987," according to the National Restaurant Association, which bases its conclusion on statistical findings from NPD CREST. Both sales and traffic counts rose 4% in 1987, as opposed to gains in both categories of between 6% and 12% in preceding years. This may come as a surprise to an industry that is seeing a proliferation of Mexican concepts, both full service and fast food, nationwide. Concepts like Chi-Chi's, Two Pesos, Fajitas Street, and Hat Dance are extremely hot now.



Market-Share Shootout Over Takeout

A nationwide survey conducted by Lieberman Research concludes that take-out sales will continue to grow faster than overall food sales—18% for takeout, compared with just 6% overall. Restaurants now get about two-thirds of that take-out dollar; supermarkets get 23%; other stores (such as delis, gourmet shops, small grocery stores, and convenience stores) grab 13%. While restaurant take-out food is seen as tastier, more appealing to children, and more of a "treat," supermarket takeout is viewed as fresher and of higher value and quality, and often much more convenient.

CHARTS DESIGNED BY SHARI FANG

RESTAURANT BUSINESS

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PRODUCE MARKETING ASSOCIATION, Part II
.....Advertising Supplement

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THE BOTTOM LINE

Industry Benchmarks

BY BILL MAIN

Sales, prime costs, restaurant profit, average check, employee productivity, average daily seat turnover....What are the industry benchmarks for restaurants?

Standard guidelines will help you compare your restaurant's financial performance to one type of cross section of full-menu tableservice restaurants, and in the process, improve and enhance your restaurant's "management effectiveness."

I have been an independent restaurant operator for the last 15 years. Over those years, I have faced virtually thousands of financial, operational, and management questions relating to the fiscal health and economic well-being of my restaurant. In the early years, my decision-making process was based on a combination of "gut instinct" and the "backlash effect" of poor judgment. I learned quickly that restaurant managers, like human beings generally, seem to learn the hard way, from trial and error. This experience provided me with a meaningful (albeit painful and expensive) learning curve that ultimately evolved into what I might charitably call good judgment—even wisdom. A more apt description might be "street smarts."

THE ULTIMATE TRUTH. In his book *Confessions of a Street Smart Manager* (Simon & Schuster), David Mahoney defines a manager with street smarts as "....someone able to take strong action based on good judgment drawn from hard, hard experience."

This principle is best illustrated by an ancedote from the old Amos n' Andy radio show. It seems Amos and the Kingfish were discussing why the Kingfish had such remarkable judgment. Well, said the Kingfish philosophically, "good judgment comes from experience." So where does experience come from? questioned Amos. "Experience comes from bad judgment," the Kingfish replied.

I consider this to be the ultimate truth of restaurant management. Bad judgment produces experience, which usually then produces good judgment. This management reality is particularly appropriate to the day-to-day operational trenches of the restaurant business, where lessons learned from bad judgment invariably form the basic foundation of our operating and management philosophy.

However, there is another important ingredient to developing an effective, responsive, and professional manage-

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PRIME COST ANALYSIS
(Cost per dollar of sales)

	FOOD (1)	BEVERAGES (1)	TOTAL COST OF SALES	TOTAL PAYROLL	PRIME COST
ALL RESTAURANTS	37.0¢	26.7¢	34.4¢	33.0¢	68.0¢
TYPE OF ESTABLISHMENT					
FOOD ONLY	34.9¢	N/A	33.6¢	32.4¢	66.8¢
FOOD AND BEVERAGE	37.4¢	26.7¢	34.5¢	33.2¢	68.3¢
YEARS IN BUSINESS					
UNDER 5 YEARS	37.4¢	27.8¢	34.5¢	31.6¢	66.9¢
5 TO 10 YEARS	35.5¢	26.9¢	33.2¢	32.2¢	64.7¢
OVER 10 YEARS	37.2¢	26.4¢	34.6¢	34.3¢	70.6¢
LOCATION					
URBAN	35.7¢	26.2¢	33.4¢	33.3¢	68.2¢
SUBURBAN	37.4¢	26.2¢	34.2¢	32.6¢	66.7¢
RURAL	38.3¢	29.4¢	36.6¢	33.9¢	71.0¢
MENU THEME					
STEAK/SEAFOOD	40.0¢	26.8¢	36.1¢	30.1¢	67.8¢
AMERICAN	37.5¢	27.8¢	35.3¢	34.2¢	69.7¢
CONTINENTAL (2)	35.6¢	26.3¢	33.4¢	36.3¢	70.7¢
ITALIAN	33.3¢	32.9¢	33.4¢	34.2¢	67.3¢
SANDWICHES/ HAMBURGERS (3)	28.2¢	20.8¢	25.8¢	29.1¢	57.6¢
REGIONAL	35.4¢	28.9¢	31.6¢	34.2¢	66.8¢
ETHNIC (4)	31.6¢	25.6¢	30.2¢	31.1¢	62.6¢

NOTE: All amounts are medians and do not necessarily add to totals shown.
(1) Based on individual departments.
(2) Continental includes French.
(3) Sandwiches/hamburgers includes specialty sandwiches, salad bar, hamburgers, pizza, subs, and deli.
(4) Ethnic includes German, Mexican, Oriental, Irish, and International.

SOURCE: National Restaurant Association "Restaurant Industry Operations Report '87"

Bill Main, co-owner of The Shore Bird, Half Moon Bay, CA, is a consultant specializing in profitability, concept development, and financial analysis for independent restaurants.

THE BOTTOM LINE

ment philosophy in your restaurant. I call it perspective. It comes from developing an appreciation and awareness of industry standards within an established framework of financial and operational performance categories. You cannot make good decisions in a vacuum. You must have data, compiled in a manner that is easily reviewed in an "apples versus apples" sense. Published industry standards serve this purpose by telling us what our competition is doing, and providing an invaluable basis of comparison to our own restaurants' operational performance levels.

Incomplete perspective produced by ignorance of industry standards is a common failing among typical restaurant operators. Why? Because most surviving independent restaurateurs have to wear a hundred different management hats simultaneously. They have a much different job profile than the classic manager in the nonhospitality field.

For restaurateurs, time is at a premium. They operate in a constant "interrupt mode," characterized by 58.1 unscheduled meetings per day (according to an article in the May 1984 issue of *Cornell Quarterly* by Dennis H. Ferguson and Florence Berger). They tend to juggle rather than coordinate, striving to maintain the status quo, and get through the day. Simply put, the day-to-day rigors of restaurant operations and the stresses of cash-flow management produce a reactive management style.

Therefore, becoming educated about industry standards has to be a conscious, proactive decision made by the independent operator, as well as the aspiring restaurateur. It provides the needed balance of perspective to offset the extreme pain born of experience.

A VARIETY OF SOURCES. There are many sources of statistical data for the restaurant industry. I personally favor the National Restaurant Association's "Restaurant Industry Operations Report '87," prepared in cooperation with Laventhol & Horwath, a national accounting and consulting firm that specializes in the hospitality industry. The report is a compilation of financial and operating data provided by 920 individual restaurants that are

continued on page 106

STATEMENT OF INCOME AND EXPENSES RATIO TOTAL SALES

Full-Menu Table service

SALES	RATIO TO SALES (MEDIAN)
FOOD	78.7%
BEVERAGE	24.3%
TOTAL SALES	100.0%
COST OF SALES	
FOOD	37.0%
BEVERAGE	26.7%
TOTAL COST OF SALES	34.9%
GROSS PROFIT	65.1%
OTHER INCOME	0.8%
TOTAL INCOME	66.3%
CONTROLLABLE EXPENSES	
PAYROLL	29.2%
EMPLOYEE BENEFITS	4.0%
DIRECT OPERATING EXPENSES	6.1%
MUSIC AND ENTERTAINMENT	0.9%
ADVERTISING AND PROMOTION	1.9%
UTILITIES	3.4%
ADMINISTRATIVE AND GENERAL	4.0%
REPAIRS AND MAINTENANCE	1.7%
TOTAL CONTROLLABLE EXPENSES	51.2%
INCOME BEFORE OCCUPATION COSTS	14.1%
OCCUPATION COSTS	
RENT	5.0%
PROPERTY TAXES	0.6%
OTHER TAXES	0.7%
PROPERTY INSURANCE	1.6%
TOTAL OCCUPATION COSTS	6.6%
INCOME BEFORE INTEREST AND DEPRECIATION	6.9%
INTEREST	1.2%
DEPRECIATION	3.0%
RESTAURANT PROFIT	3.2%

HIGHLIGHTS

The median check was $10.56, and the average daily seat turnover was 1.1.
Establishments experiencing a net profit reported median total sales of $5,197 per seat, while those restaurants that experienced a net loss reported total sales of $3,616 per seat.
Total sales per full-time equivalent employee was $28,000, with a productivity index of 3.1.
Food sales were $3,492 per seat, while beverage sales accounted for $921 per seat.
Median total sales were $157 per square foot or $4,333 as an amount per seat.
The median total cost of sales was $1,518 per seat, or 34.4% as ratio to total sales.

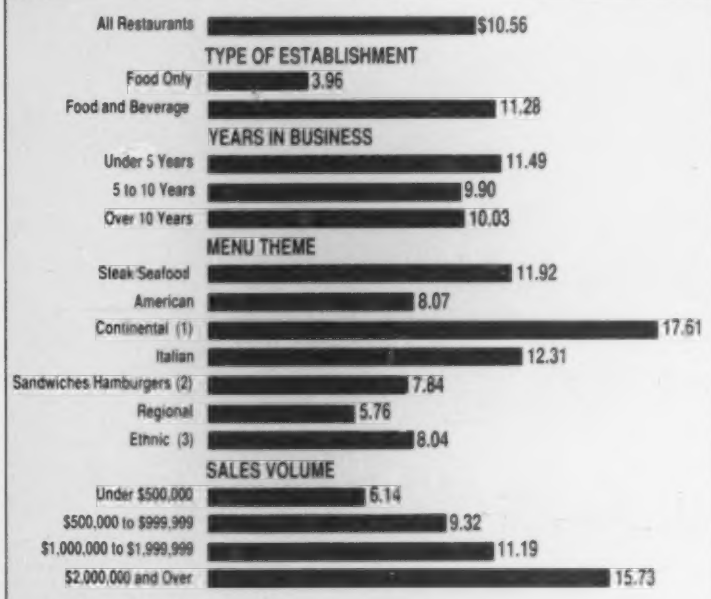
CHARACTERISTICS

More than 65% of full-menu table-service restaurants are owned by a private corporation.
Sales of $1 million and higher was reported by 45% of participating establishments.
Primarily the sole occupant of the building with an average of 8,031 square feet of space.
Operated as a single-unit, nonaffiliated full-menu table service restaurant at a net profit.

SOURCE: National Restaurant Association "Restaurant Industry Operations Report '87"

AVERAGE CHECK

Full-Menu Table service



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(3) Ethnic includes German, Mexican, Oriental, Irish, and International.

SOURCE: National Restaurant Association "Restaurant Industry Operations Report '87"

members of the National Restaurant Association.

The data is not intended to be representative. By definition, it does not reflect the financial performance of most failed restaurants or privately and publicly owned restaurants that are not NRA members.

Please don't be misled: the report reflects only one form of industry standard by which to compare one's own restaurant's performance. However, it does present a fairly significant sampling of full-service restaurants that are sustaining, if not succeeding, nearly 75% of which have stayed in business continuously for over five years. The presentation of the data follows the Uniform System of Accounts for Restaurants, the accepted accounting format for the industry.

The Uniform System provides a common language by providing a classification criteria for all income, expense, asset, liability, and equity items contained in a typical financial statement. By providing a standardized basis and guideline for reporting and comparison, the interpretation of any restaurant's financial performance (versus industry standards) becomes relatively simple.

The Uniform System is a must for all serious practitioners in the restaurant industry. It can be purchased from the NRA; to order, call (800) 424-5156.

THE COMPARISON CRITERIA. The data accompanying this article presents a limited amount of excerpts of exhibits and tables I find useful in analyzing my restaurant's performance

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BOTTOM LINE

variance when compared to industry averages. The Restaurant Industry Operations Report '87 is much more extensive than can be presented herein. For example, the report expresses operating results in amounts per seat as well as ratios to total sales, which is my frame of reference in this article. It should also be noted that I have only presented median data. A median is defined in the report as "...the middle value of all amounts calculated for a specific line item." This means that 50% of the responses are higher than the number shown, and 50% are lower. On balance, this is the most realistic method of presenting the data, as it eliminates the distortion caused when larger volume operators are averaged against lower volume restaurants.

Awareness of benchmarks provides that critical edge.

Also, the columns do not total when using the median approach; every line item must be analyzed separately. Finally, in the full report, a lower and upper quartile are shown in addition to the median, allowing the reader to evaluate the top 25% as well as the bottom 25% of the reported performance groups.

Appreciating the importance of understanding industry standards and applying them to the internal planning process cannot be underestimated. In addition to experience, industry perspective is a critical component to managing the financial and operational dimension of a restaurant. The economics of profit depend largely on the interrelationship of all of your cost categories, and industry standards provide an invaluable starting point in that analysis. Awareness of industry trends and the financial performance profile of your competition provides a critical edge in staying profitable, as well as staying in business.

LITE & HEALTHY

Experts still talk of opportunities in the segment, but their visions are scaled down and the watchword appears to be caution.

BY PAUL FRUMKIN

After much initial confusion, the foodservice industry is finally beginning to understand that while many customers certainly want healthier alternatives, they don't want to be restricted in what they can and cannot order when they dine out.

"We're becoming more selective concerning health and nutrition within the context of a meal," declares Ron Paul, president of Technomic Consultants in Chicago. "But we don't want a restaurant to limit us by predetermining what choices we can make."

SOBER ASSESSMENT. This is clearly a more sober assessment than had been presented only a few years ago when it looked as if a new and lucrative healthy menu segment was about to alter the foodservice landscape.

Today, experts still talk of opportunities in that segment, but their visions are scaled down and the watchword appears to be caution. Consumers do want a choice, they say, and operators who don't offer two or three healthier selections are probably losing out on sales. There is even room for careful niche marketing, particularly for a

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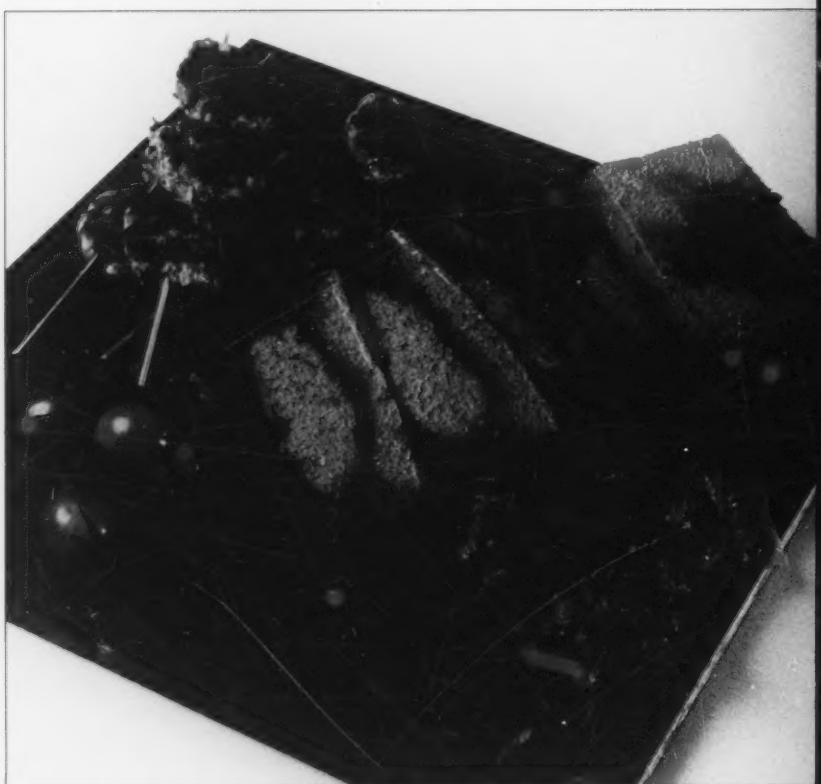
Paul Frumkin is a writer with over nine years of experience covering the foodservice industry.



PHOTOGRAPH BY BRIAN HAGIWARA

Gourmet Gazelle in New York City offers a variety of upscale, nutritionally controlled dishes for takeout and office catering.

Livingston, NJ-based Dietwork's president Len Torrine demonstrates his concept's new menu of "California Spa Cuisine."

handful of well-operated, regionally based healthy food chains.

But anyone who still feels that the American public is just waiting for a health-oriented McDonald's to open its doors, is, at least for the moment, ignoring the conventional wisdom.

RISE AND FALL. Those looking for proof need only study the dramatic rise and fall of D'Lites, the "lite" hamburger chain based in Atlanta, and Fresher Cooker, the Louisville, KY-based chain that emphasized fresh, nonfried foods served in a fast-service format.

In the early 1980s both chains successfully represented themselves as dynamic growth vehicles to analysts and investors alike, and attempted to fulfill that promise with plans for rapid and widespread expansion. But when sales proved disappointing and operational problems became apparent only a few years later, both D'Lites and Fresher Cooker were quickly forced into Chapter XI reorganization.

"Are there enough people who will go to leaner hamburger places?" asks Steve Rockwell, vice president of Alex. Brown & Sons in Bethesda, MD. "The answer is no. Logic would tell you that we are more health-conscious these days. But the evidence just doesn't bear it out."

Others, however, are not quite as convinced that the market isn't out there—at least in some form—and blame at least a portion of the failure of the two chains on poor marketing and merchandising. Technomic's Ron Paul says that one of D'Lites critical errors was "placing healthier food before good-tasting food."

Roger Lipton, managing director of Ladenburg, Thalmann & Co. Inc. in New York City, attributes D'Lites' demise to a number of factors. Key among them was the lack of any real proprietary food items. Moreover, the prototypical D'Lites unit proved to be too expensive—it cost about $900,000 to build—in light of real sales.

Lipton feels that Fresher Cooker had a more appealing format, but it had set itself an unrealistic goal in delivering the product to the customer as rapidly as had been planned. "The menu was simply too complex to perform evenly," he says.

CHANGING ATTITUDE. However, despite these widely publicized failures, most experts do acknowledge the public's changing attitude toward nutrition. Gwen Dorazio, nutritionist and coordinator of health promotions at the Henry Ford Hospital in Detroit, is confident that a growing number of customers will be demanding healthier foods in the future. "Cholesterol awareness is going to be the awareness of the '80s and '90s," she says.

Operators in all segments of the industry are recognizing this fact, and adapting their menus accordingly. In the fast-food hamburger segment, McDonald's scored a coup last year by rolling out prepackaged salads chainwide—a move that is reported to have increased sales by 5% to 6%.

FAST FOOD MOVES. If imitation is the sincerest form of flattery, then the Oak Brook, IL-based hamburger giant should indeed feel flattered. Within months of its salad rollout, other fast feeders such as Burger King, Arby's, Carl's Jr., and Hardee's developed their own prepackaged versions.

Other chains such as Wendy's and Rax are putting their money on giant salad bars. Wendy's SuperBar, for example, enlarges upon the chain's Garden Spot salad bar by adding a Mexican Fiesta section and an Italian-style pasta section. Experts point out, however, that it is still too early to ascertain how successful this move will be for the chain.

In the midprice segment, though, moderately priced regional chains appear to be picking up where other companies with national expansion ambi-

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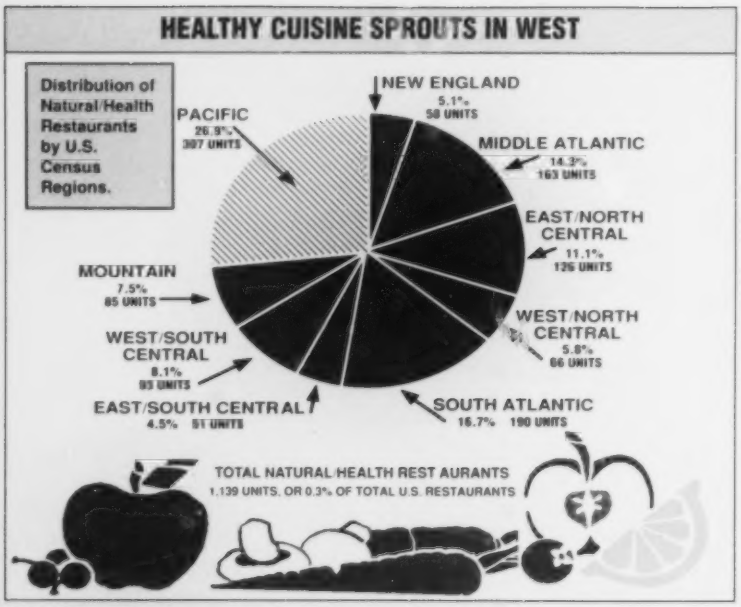

SOURCE: RE-COUNT 87 Restaurant Consuling Group

CHART BY SHARI FANG

Consumers do want to have a choice; operators who don't offer a few healthier selections are probably losing out on sales.

tions have failed—most notably on the West Coast and in the Northeast. Some experts sounded the death knell for the Good Earth chain, a healthy foods segment pioneer, when founder General Mills sold it off to its largest franchisee, Ebs Wilson, in 1985.

However, Wilson now says that those pronouncements were quite premature. Now based in Calabasas, CA, the Good Earth has grown from nine to 29 units—eight company-owned, seven franchised, and another 14 licensed. And while those units are located predominantly in California, the company is also operating in Portland, OR, Tucson, AZ, and Minneapolis.

Wilson has made no basic changes in the concept since he purchased it from General Mills three years ago. Much of the menu is prepared daily from scratch. Each restaurant has its own bakery in which various fresh breads, rolls, and cookies are baked. Breakfast is also served all day.

In addition, Good Earth restaurants feature pasta dishes, hot and cold sandwiches, four fresh fish dishes served daily, hot chicken and vegetarian selections, and wok stir fries.

Three types of lean-meat hamburgers are also offered, prepared from beef that contains at least an 85% to 15% meat-to-fat ratio. All beef is purchased directly from a ranch in Colorado that uses no chemicals or steroids.

With the average per-person check running around $6.30, the 29 Good Earth restaurants gross between $1.8 million and $2 million each. One restaurant in Marina del Rey, CA, enjoys sales of over $3 million, says Wilson. Each store seats about 240.

CHANGING CUSTOMER. Although the original Good Earth restaurants were largely frequented by college students, today the chain's customer base has broadened considerably, according to Wilson. "Lately, we've been seeing a lot more senior citizens coming into the restaurants," he says.

Because the Good Earth's menu specializes in lighter, healthier food, employees are required to understand what products are used to prepare many of the dishes. As a result, a dietitian is sent to each unit whenever a new product is rolled out. A kitchen manager is always on hand if a server is unable to answer a guest's question.

Many of the healthy food chains tend to attract the majority of their customers during the lunch daypart. As a result, healthy food chains often must struggle to broaden their market appeal, notably during dinner. Len Torrine, president and chairman of the Livingston, NJ-based Dietworks, is looking to boost dinner covers and check averages by adding a new line of dishes called "California Spa Cuisine" to his 10 units.

BROADENING APPEAL. Previously, lunch had accounted for about 70% of Dietworks' total business. Torrine expects that the new, more contemporary menu will increase dinner to 50% of sales. At the same time, the more expensive dishes should add anywhere from $2 to $4 to the chain's current average dinner tab of $7.

Dietworks' existing menu offers a wide variety of salads, hot sandwiches, and pita pizzas, as well as some more elaborate dishes such as chicken primavera, and sesame chicken and vegetables with teriyaki sauce on brown rice. All items list calorie counts.

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In California, upscale Chez Melange not only offers healthy alternatives, but also has become a licensee of the Pritikin Center.

There is room for careful niche marketing, particularly for a handful of well-operated, regional healthy food chains.

One difficulty Torrine had to overcome in implementing the new menu was the problem of portion sizes. "People wouldn't pay $9.95 for a 300-calorie chicken dish with only five ounces of chicken," he observes. Consequently, he had to first develop dishes that would allow him to increase the portion sizes in proportion to the price.

Dietworks' new dinner menu features such dishes as poached salmon; mesquite-style chicken; whole-wheat elbow macaroni with chunky tomatoes, spices, and Monterey Jack cheese; 8-in. pizzas; and a large salad that includes artichoke hearts, hearts of palm, sun-dried tomatoes, mozzarella, blue corn chips, and other fresh vegetables served on a bed of greens.

The "California Spa Cuisine" menu also offers four pastas served with a choice of five sauces. Torrine reports that these items already account for about 30% of all dinner sales.

SKEWED PERCEPTIONS. Since the first Dietworks opened in Millburn, NJ, in 1975, Torrine's customer base has changed. In 1975, about 85% to 90% of the chain's customers were women. Today, men account for about 40% of all sales. The average Dietworks' unit contains about 60 seats and grosses an average of $400,000 a year. All stores are located in New Jersey, but Torrine is planning to expand into New York and Connecticut.

Saladalley is another regional healthy food chain located on the East Coast. Based in Philadelphia, the seven-unit chain derives a major portion of its sales from a 50-item salad bar.

Saladalley's chairman Steve Byer explains that while fresh vegetables and fruit make up the bulk of the ingredients, the salad bar also includes such freshly made dishes as seafood fettuccine, tuna and pasta shells, orzo and chicken, three-bean salad, and bulgur (cracked wheat) salad.

In addition to salads, Saladalley features such hot main dishes as grilled marinated chicken; a four-cheese lasagna; German lentil sausage soup; and grilled eggplant stuffed with provolone cheese and spinach, served with a tomato sauce. A low-fat burger is also on the menu, as well as freshly baked breads and rolls.

The average Saladalley contains about 110 seats in 2,500. sq. ft. of space. According to Byer, each serves an average of between 2,500 and 3,500 customers weekly, and grosses more than $500,000 in annual sales. Check averages run $5.25 at lunch and $5.50 at dinner.

Regional all-you-can-eat soup and salad chains have also been successfully attracting crowds of health-minded customers. San Diego's Souplantation now has nine units located between Los Angeles and San Diego, and expects to open four or five more company-owned units this year.

"Our average customer is probably a health-oriented individual who cares about what he or she eats," notes Bob Garrett, director of marketing.

Souplantation is owned by Tony Brooke and Michael Mack, two former management consultants who purchased the original two units for $2 million in 1983.

Located primarily in malls and shopping centers, the average Souplantation contains about 200 seats in 7,000 to 8,000 sq. ft. of space, and serves about 1,400 people daily. Annual store sales average $2 million to $2.5 million.

Each restaurant contains two parallel soup and salad bars that extend for about 60 ft. on either side of a center

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At the Hyatt Regency Grand Cypress, executive chef Rene Mettler created "Cuisine Naturelle," an upscale, healthy menu program.

island. Each bar offers between 60 and 70 items. The salad bars are stocked with fresh vegetables, as well as prepared salads. The restaurants also prepare six made-from-scratch soups daily—three of which are available on the soup and salad bar at any given time.

Generally, lunch customers have the choice of purchasing either soup or salad for $4.95, or soup and salad for $5.65. At dinner, both prices are raised one dollar. Both choices include unlimited trips to the bakery and fresh fruit stand. Beverages cost extra.

UPSCALE ALTERNATIVES. The upscale segment of the industry has not been slow in realizing that customers are looking for healthier alternatives either. New York City's Four Seasons was one of the first luxury restaurants to feature low-calorie dining with its "Spa Cuisine" selections. Today, those dishes are said to account for about 20% of total sales.

The newest healthy addition to the upscale ranks in New York is the 80-seat Evergreen Room in the recently renovated Rainbow Room complex in Rockefeller Center. Evergreen offers members dishes that are low in calories, cholesterol, and sodium.

Rosanne Gold, a member of the complex's operators, Joseph Baum & Michael Whiteman Co., helped develop Evergreen's weekly changing menu. "The challenge was to not do everybody's idea of diet food, and keep the dishes flavorful," Gold says. To that end, Gold and her staff have tested numerous recipes using special ingredients such as low-salt tomato paste and stocks. One main dish from the first week's menu is seared venison with sauce *poivrade* on a bed of baby vegetables, which contains 367.3 calories, 129.9 mg. cholesterol, and 192.9 mg. sodium.

Other dishes include seafood broth with lime and cilantro; carpaccio of tuna with tomato-lemon relish; tabouli with mint, scallion, and radish; medallion of salmon poached with lemon grass in a ginger broth; and shrimp and asparagus salad with walnuts and "400 Island" dressing.

As an added attraction, the Evergreen Room provides a laser-operated computer that allows members to punch in their diet; the computer then presents them with a personalized daily menu. Average per-person checks range from $25 to $30.

Chez Melange in Redondo Beach, CA, is another upscale restaurant offering its guests a healthy dining alternative. But to further emphasize its commitment to nutrition, the restaurant has become a licensee of the Pritikin Center in nearby Torrance. A $500 licensing fee allows Chez Melange to work with experts in refining recipes and to use the diet center's logo on menus.

According to Chez Melange's co-owner Michael Franks, all dishes are first developed by the restaurant's staff in conjunction with a nutritionist. At that point they are then approved by the Pritikin Center—which guarantees that the recipes will be protected and not shared with other licensees of the program.

PRITIKIN. Chez Melange features at least one Pritikin item on each of the daily-changing lunch and dinner menus. The special dishes account for about 5% of total lunch sales and up to 10% of dinner sales, depending upon the item itself.

A few of the Pritikin-influenced main dishes are wild rice pasta with salmon, julienne of vegetables, leeks, garlic, tomatoes, and nonfat yogurt; grilled swordfish served on a corn tortilla with salsa *al carbone*, sliced tomato, salsa cruda, and papaya *Parisienne;* and Greek marinated flank steak, grilled and served over a baked papadom with curried lentils, mixed baby lettuces, radicchio, and a curried orange-yogurt dressing. Main dish prices range from $8.95 to $10.50.

But while Franks is pleased with the sales generated by the Pritikin dishes, he also keeps their success in perspective. "There's no question that this is a tremendous promotional tool, but it's only one small part of a whole marketing plan," he says.

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LITE & HEALTHY

Gourmet Gazelle's repertoire includes chicken watercress terrine, Thai noodles with grilled shrimp, and salmon with chervil and champagne sauce.

PHOTOGRAPH BY STAN RUMBO

The upscale segment has not been slow in realizing that customers are looking for healthy alternatives.

Chez Melange is only one of a growing number of restaurants working with nutritionists and health clinics. In the Detroit area, both Macchus Enterprises and Elias Bros.' Big Boy chain have been working with the city's Henry Ford Hospital Heart and Vascular Institute. Under the auspices of a program called HeartSmart, the Institute helps restaurants develop dishes that are low in fat, sodium, and cholesterol. It also develops and provides printed material to be distributed at point-of-purchase.

Gwen Dorazio, coordinator of Health Promotion for the Institute, says that all of the operators who are participating in the program have been pleased with it.

John Wood, executive vice president of Macchus Enterprises, says that the HeartSmart program has "worked out quite well." Four main menu items, priced from $7.50 to $9.95, account for about 25% of sales at the six restaurants in which they are now offered.

About 250 Big Boy restaurants operated by Elias Bros. and located in the Michigan, Ontario, and Cleveland areas are also featuring a number of HeartSmart dishes. The recipes developed for Big Boy had to be easily adaptable to each unit's operations, according to Dorazio, so the Institute worked with chefs in the company's central kitchen. Today, HeartSmart dishes comprise about 20% of all menu items, and are said to account for at least 5% of sales.

TREATING YOURSELF RIGHT. A number of contract feeders have also heeded the call to add healthy alternatives to their clients' menus. John Gribben, director of public affairs for the Philadelphia-based ARA Services, says that the company's two-year-old "Treat Yourself Right" program is currently in over 600 accounts.

ARA developed over 200 menu items approved by the American Heart Association for the program. Treat Yourself Right main dishes tend to be baked or broiled, rather than fried, and high fat and cholesterol ingredients are avoided in all recipes. Herbs are often used in place of salt.

To further support the program, the company devised a wide range of point-of-sale information and printed material as well.

At the same time, ARA is testing a nutritious frozen food program called "Light and Right" in a small number of health-care accounts. Developed in conjunction with Baxter Hospital Supply Company, the program offers 15 frozen entrees that are low in sodium, cholesterol, and calories.

The Light and Right dishes are sold [illegible] glass-door freezers marked with [illegible]'s Treat Yourself Right logo. And while the line is only in 10 accounts now, ARA hopes to expand it into 100 by the end of 1988.

Restaura, a division of Greyhound Food Management based in Phoenix, has also implemented its own program called "Countdown to Wellness." Primarily educational in nature, the program offers nutritional information on dishes served. Items are posted daily on a menu board with each one followed by an analysis of seven key nutritional components.

According to Claude Kern, vice president of quality assurance, customers

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At Hyatt Regency Grand Cypress's Hemingways, the "Cuisine Naturelle" menu generates 30% of sales.

While customers want healthy alternatives, they don't want to be restricted as to what they can order when they dine out.

are responding well, and Restaura has plans to expand the program.

TRAVELING LIGHT. Hotels catering to the frequent traveler were among the first to recognize the need to offer customers healthy dining alternatives. The Los Angeles-based Hilton Hotel chain was clearly in the vanguard back in 1981 when it introduced its popular "Fitness First" menus.

Last year, however, the company augmented the annually updated Fitness First program with its new "Training Table" menu. The first seven-item menu was rolled out late in 1987 to coincide with Hilton's sponsorship of the 1988 U.S. Olympic Team, and has since been followed up by additional menus celebrating the winter and summer games. Olympic menu items include grilled breast of chicken with basil and pine nuts; broiled or poached salmon filet in saffron sauce; and angel hair pasta with prosciutto and shiitake mushrooms.

The Chicago-based Hyatt Hotel chain has had its "Perfect Balance" program in all of its properties since 1984. The menus feature several dishes that are low in calories and cholesterol, but high in protein.

However, select hotels, such as the Hyatt Regency Grand Cypress in Orlando, have implemented their own, more elaborate healthy dining initiatives. Last summer the 750-room Hyatt Regency Grand Cypress introduced "Cuisine Naturelle," which was developed by the resort hotel's executive chef, Rene Mettler, in conjunction with a nutritionist. The menus are available in two of the Hyatt Regency's restaurants—Cascade and Hemingways—as well as through room service. And, according to Mettler, "Cuisine Naturelle" has struck a positive chord with guests, generating 30% of sales in those three venues.

Mettler explains that he did not have to adapt his cooking style significantly to prepare "Cuisine Naturelle" dishes. Most of the dishes are either grilled, steamed, or sautéed. He is judicious with portion sizes and salt, and uses olive oil in place of butter. Fatty cheeses have been eliminated in cooking, replaced with Newfoundland farmers' cheese. And, rather than include mayonnaise in cold sauces, Mettler uses a combination of cream cheese and 1% milk.

TAKEOUT. Consequently, with so much interest in diet-conscious foods being generated at every level of the industry, it should come as no surprise that take-out shops would eventually seize the opportunity as well. The six-month-old Gourmet Gazelle on New York's upper East side is one such operation offering a variety of upscale, nutritionally controlled dishes for takeout and office catering.

"It's gourmet food with added subtractions," quips Ellen Brown, who owns and operates the shop with Suzanne Ainslie.

Preparing the food in a central kitchen, Brown and chef Joe Printz have designed their selections to appeal to urban gourmets. For example, the Gourmet Gazelle's repertoire of 150 dishes includes chicken and watercress terrine; Szechuan pasta and pork salad; Thai noodles with grilled shrimp in a spicy sauce; salmon with chervil and champagne sauce; and veal paillard with artichoke and chardonnay.

The average per-person lunch check for three courses runs from $6.50 to $8, while dinner checks average $10 to $12. Business for the six months has been brisk, according to Brown. "We're doing soundly for a start-up business," she says. "The store is averaging $1,200 to $1,300 in daily sales."

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